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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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1. Yearly planning in the Ministry of Chemical Industry was accomplished very much as in other ministries. The planning function started at the lowest levels in the plants and factories and moved upward through various levels of coordination until the Ministry's draft plan eventually reached the Council of Ministers for approval. When the Ministry's draft plan was finally submitted to the Ministry of State Planning (sic), it consisted of three major parts: production, finance, and distribution. These three parts were not prepared simultaneously but were drawn up at different levels and proceeded upward until they all reached the Ministry's Planning Division. The approved plan then proceeded downward back through these various levels until it reached the individual producing units in the plants and factories. Planning for 1953 was started by the various units in the Ministry's plants and factories about July 1952. Prior to this date they received a guide list (smerna cisla) of critical items to be produced during 1953 and the amount of production of these items. This guide list, which was prepared by the Ministry of State Planning, was given to the Ministry of Chemical Industry for distribution to its various producing units. The Planning Division of the Ministry distributed this guide list to the seven main administrations which have plants and factories subordinate to them. The Ministry of State Planning also distributed a handbook on planning instructions and procedures.

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2. When a factory received its guide list of critical items, the list was distributed among the various departments, which in turn passed them on to the different shops. Planning for 1953 was decentralized to the shop level in an attempt to instill a sense of participation in the planning among the workers and to assign responsibility at the shop foreman level. When a shop initiated the planning, it prepared a draft plan of its production capacities for 1953, basing it on what the shop foreman and his workers thought could be produced during 1953 plus knowledge of the production increase expected according to the Ministry's five-year plan. All factors which entered into the production picture were considered, i.e. manpower, raw materials, salaries, equipment and facilities, and provision for the production of critical items. Inasmuch as a shop foreman is not usually trained or skilled at planning, considerable assistance probably would be given him by the factory's planning section. When the shop's draft plan was completed, it was passed on to the department to which the shop was subordinate. The department (e.g. sulphuric acid or carbide department) consolidated the draft plans of all its shops into one plan, which was submitted to the planning section of the factory. There a draft plan for the entire factory was drawn up. Considerable liaison work was done during the preparation of the draft plan at these different levels, and numerous conferences and discussions were held where attempts were made to resolve any disagreements or discrepancies. Before a draft plan was passed to a higher echelon, the head of each unit approved the draft plan, thereby assuming responsibility for its content.
3. The factory's draft plan was prepared by the planning section and submitted to the main administration for inclusion in the main administration's draft plan. Starting with the factory, a financial draft plan was prepared and became part of the overall draft plan. The financial draft plan was drawn up by the finance section of the factory's financial and economic department. This section worked very closely with, and received guidance from, the Financial Department of the Ministry's Office of the Third Vice-Minister. Again, as was the case with the units within the factory, the factory's draft plan was prepared by its planning section in close collaboration with the next highest echelon, in this case the planning section of the main administration. I believe the factory's draft plan had to be delivered to the main administration by 1 September.
4. Upon receipt of the draft plans from the various factories subordinate to it, the main administration proceeded to prepare a draft plan for the entire main administration; this was done with close cooperation between the main administration's planning section and the Ministry's Planning Division. When the main administration's draft plan was completed, it was passed to the Ministry's Planning Division; I believe the Planning Division was to have these draft plans from the main administrations by 1 October. The draft plans of the first seven main administrations were incorporated in the draft plan for the Ministry prepared by the Planning Division. The Planning Division maintained an overall policy supervision in the planning function for the Ministry. It was the Planning Division's responsibility not only to present a draft plan for the Ministry but also to see to it that any established government policy be fulfilled in the plan as a whole. For example, if the government decreed that the production of heavy chemicals be increased during 1953, the Planning Division would be the organization in the Ministry responsible for compliance with this governmental provision. In addition to the draft plans forwarded by the first seven main administrations, the Planning Division also received a distribution balance from the Eighth Main Administration and a supply estimate from the Supply Department. Also the Ministry's Financial Department, in close cooperation with the Ministry of Finance and the Planning Division, drew up a financial plan for the Ministry of Chemical Industry and submitted it to the Planning Division.

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5. The Ministry's Eighth Main Administration, or the Main Administration for Distribution, prepared a distribution balance for the Planning Division. This balance was a reflection of the needs of the Czech economy for chemical products and the ability of the chemical industry to meet these needs. To obtain this balance, the Eighth Main Administration consulted the supply departments of those ministries using chemical goods and learned from them their estimated needs for chemical goods. It then received from the Planning Division of the Ministry of Chemical Industry an estimate of the extent to which the chemical industry could meet these needs. In the process of arriving at the distribution balance, the Eighth Main Administration attempted to resolve any discrepancies between the needs of the Czech economy and the ability of the chemical industry to meet these needs through discussions with the supply departments of other ministries and with the Planning Division of the Ministry of Chemical Industry. This distribution balance was then forwarded to the Planning Division for consolidation into the Ministry's draft plan.
6. The Supply Department of the Ministry of Chemical Industry received from the various Main Administrations in the Ministry the estimated needs of their plants and factories for raw materials, spare parts, and supplies which had to be obtained from other ministries or imported from foreign countries. After compiling this list, the Supply Department conferred with the distribution administrations, or sections, whichever the case might be, of other ministries to determine the extent to which estimated needs of the Ministry of Chemical Industry could be fulfilled. For those products or materials which would have to be imported from foreign countries the Supply Department referred to the proper foreign trade corporation, e.g., Chemapol, to determine whether these items could be imported. Upon compiling a list of the items needed by the plants and factories of the Ministry of Chemical Industry and the extent to which they could be supplied, the Supply Department passed this list on to the Planning Division for incorporation into the Ministry's draft plan.
7. After the Ministry's draft plan was completed by the Planning Division it was submitted to the Collegium of the Ministry for approval; I think it was supposed to be presented to the Collegium by 1 November. Upon approval by the Collegium it was sent, under the Minister's signature, to the Ministry of State Planning for consolidation into the draft plan for the country. I think the draft plan for the country had to be submitted by the Ministry of State Planning to the Council of Ministers by 15 December to enable the latter body to approve it by 1 January. So far as I know the plan was never approved by 1 January because of delays in planning at the various levels. Approval by the Council of Ministers was practically a foregone certainty, because the Council invariably accepted the draft plan presented by the Ministry of State Planning. The approved plan was then returned through the same channels and levels as it was drafted, until each element of the Ministry received that portion of the plan pertinent to it. Upon receipt of the approved plan from the Ministry of State Planning, the Ministry distributed to each main administration that portion of the plan which pertained to it. Each main administration gave each factory that portion of the plan pertaining to it. Each department and shop in the factory received only its part of the plan.
8. Once it had been approved the basic plan could only be changed by authority from the next highest echelon. A factory might, however, make internal changes in the plan; i.e., it might permit one department or shop to increase its production of a certain item and another to curtail production of that item, so long as there was no alteration in the factory's basic plan.

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Should the factory director desire to change the basic plan, however, he must receive permission from the head of his main administration. Likewise, a main administration could not alter its basic plan without permission from the Planning Division; it might, however, make internal changes similar to those described at the factory level. And the Planning Division could not alter the Ministry's basic plan without the consent of the Ministry of State Planning.

9. Starting with the planning in 1952 for the year of 1953, another draft plan, apart from that of the Ministry, was requested by the Ministry of State Planning. It consisted of a composite plan of all the regions in Czechoslovakia. Each Regional National Committee (Krajsky Narodni Vybor) prepared a draft plan for its region, in which were included the needs of all consumers of chemical goods within the region (the same was done for all other segments of Czech industry). Apparently the reason for these regional draft plans was to obtain a better picture of actual needs than could be derived from the Ministry, whose draft plan reflected only production capabilities. All the draft plans prepared by the various regions were consolidated into one and submitted to the Ministry of State Planning. Thus, the Ministry of State Planning had both the draft plan of the Ministry of Chemical Industry and the composite plan of all the regions. Theoretically the Ministry of State Planning would accept one of these two plans; I believe, however, it is more likely that attempts would be made to extract the best features from each of the two draft plans and incorporate them in one. I think that in the event of a great discrepancy between any parts of the two draft plans the one submitted by the Ministry would probably be shown more consideration, inasmuch as it presumably would include the maximum productivity of the chemical industry and could not be increased appreciably regardless of the needs presented by the regions. Since this is a recent innovation, however, I do not know what impact it will have on the planning and production of the chemical industry.

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